

W-01853A-11-0065
W-01853A-11-0050

ORIGINAL



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Parker Springs Water Company
Parker Lakeview Estates Homeowners Association, Inc
HC1 Box 474, Elgin, AZ 85611

2011 NOV -2 P 4: 08

Phone 520 455-9345

October 30, 2011

AZ CORP COMMISSION
DOCKET CONTROL

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Decision 72638

In accordance with the above decision enclosed is the tariff effective November 1. Customers will receive notification of the increase with their billing which will be mailed November 1 or 2.

Also enclosed is the notification letter and explanation of the WIFA surcharge and Staff's recommended surcharge amount. It is hard to predict when the surcharge will go in to effect and this is also explained to the customers.

We are in the process of completing the application paperwork which will be submitted to the membership of the Association for final vote early in December. The paperwork is due to WIFA before December 21, 2011.

Sincerely,

Gail Spain
Secretary/Treasurer

Enclosures

Cc: Victor Chacon, President
Richard Jones, Vice President

Arizona Corporation Commission
DOCKETED

NOV 2 2011

DOCKETED BY

Parker Lakeview Estates Homeowners Association

PARKER LAKEVIEW ESTATES HOMEOWNERS ASSOCIATION, INC.

PARKER SPRINGS WATER COMPANY

CUSTOMER NOTIFICATION

NOVEMBER 1, 2011

Victor D. Chacon, President

(520) 623-3187

Rick Jones, Vice President

(520) 777-6103

Gail Spain, Secretary/Treasurer

(520) 455-9345

On February 3, 2011, Parker Springs Water Company (PSWC) filed with the Arizona Corporation Commission (ACC) an application for approval of financing ("Finance Application"). The FA is a request to the ACC for permission to apply for financial assistance from Water Infrastructure Finance Authority of Arizona (WIFA). Then, on February 3, 2011, PSWC filed with the ACC for approval for an adjustment to its tariff rates and charges (Rate Application).

In the Finance Application PSWC requested that the Finance Application and the Rate Application be consolidated and considered together. On March 9, 2011, the ACC found that the matters are substantially related, and no party will be prejudiced by their consolidation and ordered that Docket Nos. W-01853A-11-0050 and W01853A-11-0065 be consolidated.

On October 14, 2011, the Commission issued Decision 72638, approving the Rate Application and the Finance Application. **PSWC's new rates, as adjusted by this decision, shall be effective for all service provided on and after November 1, 2011.** On the reverse you will find a copy of the new tariff schedule of rates and charges as authorized by the Commission.

The Finance Application is the next step in obtaining financial assistance (loan) from WIFA. The application is due in Phoenix no later than December 21, 2011, in order to be presented to WIFA's Project Committee Meeting, which is scheduled for February 1, 2011.

A Special Meeting of Parker Lakeview Estates HOA, members will be called prior to December 21, 2011, before the submission of the loan application, calling for a final vote and Corporate Resolution on this matter.

We have provided a summary of the decision. We urge you to read the ACC's decision on the Rate Case and Finance Application. The full text of the Commission's decisions is available for inspection during regular business hours at the Arizona Corporation Commission (ACC), 1200 West Washington Street, Phoenix, AZ., at Parker Lakeview Estates HOA, Inc., 9012 W Montezuma Place, Lot 70, and online at: <http://edocket.azcc.gov/edocket/>. The quick reference for the docket is 11-0065.

PARKER SPRINGS WATER COMPANY

Revised rate schedule ordered by the Corporation Commission Effective November 1, 2011

MONTHLY USAGE CHARGE

5/8x3/4" Meter	\$ 35.00	2" Meter	\$ 280.00
3/4" Meter	\$ 52.50	3" Meter	\$ 560.00
1" Meter	\$ 87.50	4" Meter	\$ 875.00
1-1/2" Meter	\$175.00	6" Meter	\$1,750.00

Gallons included in minimum -0-

COMMODITY CHARGE

\$ Per 1,000 Gallons

5/8x3/4" Meter		2" Meter	
0 gallons to 3,000 gallons	2.70	0 gallons to 40,000 gallons	4.50
3,001 gallons to 8,000 gallons	4.50	Over 40,000 gallons	5.40
Over 8,000 gallons	5.40		
3/4" Meter		3" Meter	
0 gallons to 3,000 gallons	2.70	0 gallons to 144,000 gallons	4.50
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Over 8,000 gallons	5.40		
1" Meter		4" Meter	
0 gallons to 10,000 gallons	4.50	0 gallons to 225,000 gallons	4.50
Over 10,000 gallons	5.40	Over 225,000 gallons	5.40
1.5" Meter		6" Meter	
0 gallons to 20,000 gallons	4.50	0 gallons to 450,000 gallons	4.50
Over 20,000 gallons	5.40	Over 450,000 gallons	5.40

SERVICE LINE AND METER INSTALLATIONS CHARGES

(Refundable pursuant to A.C. R14-2-405)

	Service Line	Meter	Total Installation		
5/8x3/4" Meter	\$ 415.00	\$105.00	\$ 520.00	2" Meter	actual cost
3/4" Meter	\$ 415.00	\$205.00	\$ 620.00	3" Meter	actual cost
1" Meter	\$ 480.00	\$300.00	\$ 780.00	4" Meter	actual cost
1-1/2" Meter	\$ 550.00	\$500.00	\$ 1,050.00	6" Meter	actual cost

SERVICE CHARGES

(Subject to sales and use tax)

Establishment	\$ 30.00	(Billed with first water payment)
Reconnection (Delinquent)	\$ 30.00	
Meter Test (If Correct)	\$ 30.00	
Deposit	* see below	
Deposit Interest (per annum)	6%	
Reestablishment (within 12 months)	**see below	
NSF Check	\$ 20.00	
Deferred Payment (per month)	1.50%	
Meter Reread (if correct)	\$ 15.00	
Late Fee	*** see below	
After Hours Service Charge	\$ 10.00	

Fire Sprinkler Charge

All sizes (4, 6, 8, 10" or larger) 2 percent of Monthly Minimum for a Comparable Size

Meter Connection, but no less than \$10.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.

*per Commission Rule AAC R14-2-403(B). Applicable only in certain circumstances.

**Number of months off system times the monthly minimum, per Commission Rule AAC R14-2-403(D)

***1.5 percent on the unpaid balance per month

DECISION NO. 72638 DOCKET NO. W-01853A-11-0065

IN THE MATTER OF THE APPLICATION OF PARKER LAKEVIEW ESTATES HOMEOWNERS ASSOCIATION, INC. DBA PARKER SPRINGS WATER COMPANY FOR A PERMANENT RATE INCREASE

IN THE MATTER OF THE APPLICATION OF PARKER LAKEVIEW ESTATES HOMEOWNERS ASSOCIATION, INC. DBA PARKER SPRINGS WATER COMPANY FOR APPROVAL OF FINANCING

DECISION 72638 OCTOBER 14, 2011 ORDER

Following are the pertinent action items:

Monthly Base Rate on 5/8x3/4 inch meters (our standard)	From \$33.50 to \$35.00
Commodity Charge per 1000 gallons	0-3000 \$2.70 (no change)
	3001-8000 \$3.00 to \$4.50
	over 8000 \$3.25 to \$5.40

The only change to Service Line and Meter Installation and other Service Charges is to move the After Hour Charges to a separate item.

Timeline:

October 31, 2011	Revise rate schedules as noted above and submit to Docket Control
November 1, 2011	Effective date for rate change
November 1, 2011	Insert in water bill: authorized rates & charges and effective date Explanation of WIFA surcharge, approximate effective date Staff's estimated amount of the WIFA Surcharge
	Continue collection of privilege, sales and use tax Continue using depreciation rates Exhibit A Obtain from WIFA an 18-22 year amortizing loan not to exceed \$271,000 at an interest rate not to exceed that available from WIFA. Granted financing order is contingent on PLEHA use of proceeds only as approved. <i>Note that part of the WIFA process is a letter of resolution that must be approved by the membership.</i> PLEHA is authorized to engage in any transactions & execute documents as necessary to effectuate the granted authorization PLEHA authorized to pledge its assets in connection with the WIFA loan
December 31, 2012	PLEHA file a copy of the ADEQ Certificate for Approval of Construction for the new well
30 days after loan closed	File with Docket Control copies of executed loan documents along with request for ACC authorization to implement the WIFA surcharge
30 days after filing	ACC Staff shall calculate the actual customer monthly WIFA surcharge & prepare a memo & proposed order for ACC consideration
Upon ACC Approval	PLEHA shall open an interest bearing account in which all WIFA Surcharge funds collected will be deposited. PLEHA shall only disburse funds from this interest bearing account for purposes of deposits made to the WIFA debt reserve & debt services payments to WIFA

Annually June 30 PLEHA shall file with Docket Control copies of the prior year's monthly bank statement for the dedicated account with the first filing to be completed on **June 29, 2012**

June 30, 2014 Terminate authorization to incur debt. *(WIFA loan must be obtained by this date)*

June 30, 2015 PLEHA shall file a rate application using test year ended December 31, 2014 ACC approval of financing does not constitute or imply approval or disapproval of any particular expenditure of the proceeds derived for purposes of establishing rates. *(ACC will determine whether our rates will be adjusted either up or down)*

Notes: *The following is summarized from Decision 72638. The rate increase is immediate, the Surcharge will be effective at a point to be approved by the ACC.*

Rate Increase Staff comments that the permanent rate increase will increase the average monthly standard meter water bill by \$1.50 or 4.2% and increase the median monthly standard meter water bill by \$1.50 or 4.3%

Loan Request & Surcharge 35. Staff evaluated the requested loan amount of \$271,000, amortized over 20 years at an *anticipated* WIFA interest rate of 4.6%,(the loan) and calculated that the annual debt service for the loan would be \$21,100. In addition, Staff notes that WIFA requires a Reserve Fund equal to 20 % of the annual debt service for the first five years of the loan, equaling \$4,220 per year in this instance. As such, Staff calculates the total annual cash requirement for the first five years of PLEHA's loan would be ~~\$2,320~~. 25,320

36. Staff examined the effects of the proposed financing on Parker's debt service coverage (DSC). *DSC represents the number of times internally generated cash covers required principal and interest payments on debt. A DSC greater than 1.0 means operating cash flow is sufficient to cover debt obligations.* Without a surcharge, our DSC would be 0.31. Staff concludes that a DSC of 1.25 is needed in order to have sufficient funds to cover the debt service and all WIFA funding requirements, as well as a nominal amount for contingencies. As such, Staff determined that PLEHA needs an additional \$19,932 above the revenues provided by permanent rates.

37. In order to generate the revenue necessary for the loan Staff recommends a WIFA surcharge of \$40.51 per customer per month. The WIFA surcharge combined with the permanent rate increase would increase the bill for a standard meter with an average use of 831 gallons by \$42.01 or 117.4 %; median use of 430 gallons would be 121.2 %. *The actual amount of the surcharge will be determined once the WIFA loan has been finalized.*

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